



A Message from the Inspector General

The Montgomery County Office of Inspector General (OIG) four-year work plan for fiscal years 2006–2009 focuses on the fundamental mission to increase the efficiency and effectiveness of County programs and operations, while preventing and detecting fraud, waste, and abuse, and increasing ethical, fiscal, and legal accountability.

This work plan meets the requirements of Montgomery County Code §2–151 and conforms to criteria of the Association of Inspectors General and other oversight organizations for the inspector general community. In addition, this plan supports requirements of §2–151 regarding submission to the County Council and Executive of a projected four-year budget for the OIG. To develop work plans, we rely on the participation of stakeholders, including County government leaders and other employees, employee and community organizations, and individual residents. We balance competing demands by effectively addressing the requirements of our stakeholders.

The goals and strategies in this plan concentrate on improvement in substantive areas. We ensure that our short and longer-term action plans are challenging and support these goals and strategies. As we gauge our baseline results for fiscal year 2006, we will fine-tune our strategies and action plans. We will also develop new performance measures for fiscal year 2007 that are reflective of the value we add to County operations. At the end of each fiscal year, we will issue an annual performance report to the County Council and Executive.

Throughout the four-year period, we will provide timely, useful, and accurate information to help the County achieve greater efficiency and operate effectively. We will strive to strengthen professional relationships with our stakeholders and coordinate our efforts with the law enforcement and audit communities. We acknowledge the invaluable assistance of the County's departments and offices with whom we work to bring about meaningful results through our audits, inspections, and investigations.

The success of this plan depends upon the commitment of the OIG staff and our stakeholders to our strategies and action plans. I am confident that we will meet the challenges that face us.

Office of Inspector General
Four-Year Work Plan

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Mission, Vision, and Goals

The OIG’s mission is to conduct objective and independent audits, reviews, and investigations relating to County government and independent County agencies to:

- promote economy, efficiency, and effectiveness,
- prevent and detect fraud, waste, and abuse,
- promote ethical, fiscal, and legal accountability,
- strengthen professional relationships; and
- inform stakeholders of problems and corresponding corrective actions.

We strive to be a respected, independent audit and investigative organization that is:

- valued by all County employees, citizens, and other stakeholders,
- organized and aligned with the County’s leadership system,
- supportive of a dedicated professional County workforce; and
- guided by state-of-the-art management and professional standards and practices.

Strategic Goals and Measures

- The OIG provides timely, accurate, and useful information that contributes to the efficiency and effectiveness of Montgomery County government and independent County agencies, as measured by satisfaction and dissatisfaction data collected from stakeholders.
- The OIG maximizes resources and leverages technology in support of our mission, as measured by outputs and outcomes specific to the audits and investigations we conduct.
- The OIG obtains and develops the human resources needed in support of our mission, as measured by staff preparation for changes in the work environment, teamwork, on-the-job performance improvements, and credentialing.

Statutory Responsibilities

The OIG was established by the Montgomery County Council in 1997. The OIG is an independent office – its responsibilities as prescribed by Montgomery County Code §2–151 are:

1. review the effectiveness and efficiency of programs and operations of County government and independent County agencies;
2. prevent and detect fraud, waste, and abuse in government activities; and
3. propose ways to increase the legal, fiscal, and ethical accountability of County government and County-funded agencies^{1/}.

To carry out our responsibilities, we:

- maintain an independent and objective organization to conduct and supervise audits, inspections, and investigations,
- take appropriate actions to prevent and detect fraud, waste, and abuse,
- receive and investigate credible complaints from any person or entity,
- report violations of law to the State’s Attorney for Montgomery County or other appropriate agency,
- notify the County Council and Executive of serious problems in County programs,
- review existing and proposed legislation and regulations to strengthen controls and increase accountability; and
- submit reports with recommendations to the County Council and Executive.

For each audit, inspection, and investigation, the OIG complies with applicable generally accepted auditing standards. In addition, we consider standards published by the Institute of Internal Auditors, the President’s Council on Integrity and Efficiency, and the Association of Inspectors General.

Audits provide a formal standards-based approach to review economy, efficiency, and programmatic issues. Audits may include examining revenue enhancement initiatives, collection procedures, and expenditures made under contracts and other agreements.

Inspections are an alternative method to traditional audits and investigations to assess County programs and activities. Inspections may include work that results in recommendations to decision makers to streamline operations, reduce unnecessary regulations, improve customer service, or minimize inefficient and ineffective procedures.

Investigations are a tool to investigate alleged violations of fraud, abuse, and misconduct, and laws and regulations that govern County employees, grantees, and contractors. Cases are typically developed for presentation to management for administrative action and/or a prosecutor for consideration.

^{1/} The County-funded agencies include the Montgomery County Public Schools, the Maryland-National Capital Park and Planning Commission, the Washington Suburban Sanitary Commission, Montgomery College, the Housing Opportunities Commission, the Revenue Authority, and any other governmental agency (except a municipal government or a State-created taxing district) for which the County Council appropriates or approves funding, sets tax rates, or approves programs or budgets.

The Planning Process

Major Challenges Facing Montgomery County

The County continues to face the challenge of using a balanced budget to provide affordable and reliable services. Major challenges for tax supported funds are to contain ongoing costs, preserve essential services, and make needed improvements in education, transportation, health and human services, public safety, and homeland security. Programs and other initiatives highlighted during the FY 2006 budget process include: support for public schools and Montgomery College, maintenance of facilities and roads, police and fire protection for families and homes, health care to the uninsured, medical services to victims of abuse, in-home aide to seniors, affordable housing and revitalization of older neighborhoods, and investing in County parks. Cost containment challenges include rising compensation and benefit costs such as medical costs which impact both the employee and retiree health insurance contributions and workers' compensation costs.

In addition, leaders face the challenge of using in future budget deliberations the performance measures developed and results reported in the FY 2006 operating budget and public services plan for County programs.

Plan Development

We are designing an OIG to concentrate on key provisions of the County's governance system – accountability for management actions; fiscal accountability; transparency in operations; and independence in internal and external audits. Our planning process comprises four main steps: (1) identifying a universe of County programs and activities, (2) determining a project universe, (3) conducting risk assessment, and (4) developing a plan to conduct appropriate audits, inspections, and investigations. Our universe includes programs and activities in the approved FY 2006 operating and capital budgets, and amendments to the FY 2005-2010 capital improvements program. Our project universe was identified using input from:

- Council and Office of Legislative Oversight
- Chief Administrative Officer and department directors
- independent agency leaders
- community organizations
- complaints to Inspector General
- internal and external auditors
- technology changes
- legislative actions
- emerging trends

To determine which projects to include in this plan, we used standardized and in some cases function-specific risk factors to determine those projects having a higher risk. Standard risk factors include materiality, impact on operations, visibility and public sensitivity, public interest, prior audit/investigative results, and loss potential, including fraud and other vulnerabilities.

OIG Strategy Matrix

OFFICE OF INSPECTOR GENERAL STRATEGY MATRIX

Goals And Strategies	<p>1. The OIG provides timely, accurate, and useful information that contributes to the efficiency and effectiveness of Montgomery County government and independent County agencies.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Identify major management challenges facing Montgomery County • Strengthen professional relationships <p>Conduct</p> <ul style="list-style-type: none"> • Briefings to increase awareness of OIG • Audits that result in County-wide improvements • Audits that provide timely and valuable feedback to departments on sensitive and high risk activities and operations • Audits that result in reports that maximize value and relevance to the County • Investigations that focus on high-impact, value-added cases • Investigations that are performed efficiently and timely <p>2. The OIG maximizes resources and leverages technology in support of our mission.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Manage the efficient use of limited OIG resources • Leverage cutting-edge technology resources and efficiently analyze data <p>3. The OIG obtains and develops the human resources needed in support of our mission.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Maintain an organization that attracts, develops, and retains a talented and diverse workforce • Implement quality assessment and peer review recommendations within established timeframes • Maintain compliance with educational /professional training requirements per OIG community standards
Key Stakeholders ^{2/}	<p>County citizens</p> <p>County Council, directors, and staff</p> <p>County Executive, Chief Administrative Officer, department directors, and division chiefs</p> <p>Senior leaders and staff of each independent County agency</p> <p>County employees</p> <p>Employee and community organization leaders</p>

^{2/} Stakeholders are defined as those individuals or groups that are or might be affected by the OIGs actions and effectiveness. In April – July 2005, the Inspector General sent approximately 75 letters to individuals and conducted more than 50 interviews to obtain and consider input for this work plan.

Challenges Impacting OIG Success

After identifying projects having a higher risk for adverse consequences and considering the probability of occurrence, we identified and considered a number of strategic challenges that may affect our ability to address OIG goals or individual projects. These challenges include:

1. balancing work priorities with available resources and ensuring productivity that addresses the breadth of County operations, including concerns expressed in the form of complaints to the OIG,
2. working with County leadership to be able to routinely access accurate and reliable revenue, expenditure, personnel, and other operational data,
3. obtaining the skills base needed to examine highly technical or complex areas of County operations; and
4. balancing our reporting requirements with the need to obtain and protect sensitive and confidential data.

With these challenges in mind, we identified projects and created our audit/inspection plan for the short-term (FY 2006) and the longer-term (FYs 2007–2009). Much of our work plan cuts across County programs and operations. It is difficult to identify specific action plans beyond FY 2006 – especially to the level of citing specific objectives for audits and inspections that will begin in FY 2007 and later.

Our audit and inspection action plans are categorized according to efficiency and effectiveness, or ethical, fiscal, and legal accountability. Our investigative plans involving the prevention and detection of fraud, waste, and abuse are also included. Table 1 on pages 6-7 categorizes our planned work.

While the work in this plan focuses on our core statutory requirements, it must remain dynamic. We will maintain the flexibility and discretion to redirect resources – when and where needed – to be a timely, relevant, and effective member of County operations. The OIG must be able to respond to major challenges facing Montgomery County agencies, and develop work priorities to assist County leadership in addressing these challenges. The OIG process must ensure a focus on results using the best business practices of the inspector general community.

Table 1—Key Factors and Action Plans

Key Factors	Increase Efficiency and Effectiveness	Prevent and Detect Fraud, Waste, and Abuse ^{3/}	Increase Ethical, Fiscal, and Legal Accountability
Strategic Challenges (page 5)	All	1,2,4	All
Longer-Term Action Plans (FY 2007-2009)	<p><u>Performance Audit or Inspection</u> Supply management and facilities: determine the reasonableness of project costs associated with maintenance and new construction in County and independent County agencies</p> <p>Public safety: assess expenditures by the Department of Homeland Security and other partner agencies for emergency services</p> <p>Management practices: determine the reasonableness of overtime compensation paid by County departments and agencies</p> <p>Management practices: determine the adequacy of County and independent County agency oversight of the procurement and use of telecommunication services</p> <p>Management practices: assess budgetary practices including use of program performance measures/results in budget deliberations</p> <p>Information technology: assess the efficiency and effectiveness of modernizing selected County information systems</p>	<p><u>Investigation</u> Investigate complaints received by the OIG regarding fraud, waste, or abuse in County and independent agency operations</p> <p>Examine potentially vulnerable County and independent agency procurement processes for conflicts of interest or other improper practices</p> <p><u>Quick Response Letter</u> Issue letters to senior leaders to resolve issues without using a formal audit, inspection, or investigative report</p>	<p><u>Performance Audit or Inspection</u> Ethics: assess the County’s compliance with laws, policies, and practices including monitoring and responding to breaches of ethical behavior</p> <p>Governance: review practices of the County’s independent public accounting firm regarding annual financial statement audits; evaluate the potential value of applying certain provisions of the Sarbanes-Oxley Act to County operations</p> <p>Legal and ethical: examine the adequacy of administrative and legal protection for whistleblowers</p> <p>Legal: determine County public school compliance with public meeting laws regarding certain financial and policy decisions</p> <p>Legal: assess compliance with laws, policies, and procedures regarding the County’s housing and other development approval process</p> <p><u>Quick Response Letter</u> Issue letters to senior leaders to resolve issues without using a formal audit, inspection, or investigative report</p>

^{3/} The information we investigate may include the following: alleged violation of law, rules, or regulations; significant misconduct; significant mismanagement and waste of funds; abuse of authority; improper use of County resources; endangerment of public health and safety; conflict of interest; bribes, kickbacks or bid rigging; fraudulent travel claims; contract or procurement fraud; health care fraud; workers’ compensation fraud. The information we do not investigate includes: day-to-day management decisions, EEO complaints, decisions handled by the grievance process, employee benefits and compensation.

Table 1—Key Factors and Action Plans

Key Factors	Increase Efficiency and Effectiveness	Prevent and Detect Fraud, Waste, and Abuse ^{3/}	Increase Ethical, Fiscal, and Legal Accountability
Short-Term Action Plans (FY 2006)	<p><u>Performance Audit or Inspection</u> Management practices: determine the reliability of selected FY 2005 County financial reports, and program results for Human Resources, Public Works and Transportation, and Community Development and Housing</p> <p>Management practices: assess the County’s workers’ compensation program, including benchmarking with comparable jurisdictions</p> <p>Procurement practices: determine if County purchases are made in the most economical and efficient manner, including whether appropriate contracts are used to obtain better prices for commonly procured goods and services</p>	<p><u>Investigation</u> Investigate complaints received by the OIG regarding fraud, waste, or abuse in County and independent agency operations (see page 8 for a breakdown of open complaints as of 7/1/05)</p> <p>Investigate allegations of fraud regarding certain activities of the County’s housing and other development approval process</p> <p>Investigate potentially fraudulent workers’ compensation claims to deter abusive practices and reduce costs</p> <p><u>Quick Response Letter</u> Issue letters to senior leaders to resolve issues without using a formal audit, inspection, or investigative report</p>	<p><u>Performance Audit or Inspection</u> Financial: determine whether an adequate internal control structure is in place for the County’s purchasing card program</p> <p>Financial: determine if certain types of County accidents, injuries, and illnesses are targeted for reduction of incidents and costs through prevention initiatives</p> <p>Legal/governance: recommend implementation of an OIG-operated fraud-referral system (including a hotline) to ensure County employees, contractors, and citizens have the opportunity to communicate concerns about fraud, waste, and abuse without fear of retribution</p> <p><u>Quick Response Letter</u> Issue letters to senior leaders to resolve issues without using a formal audit, inspection, or investigative report</p> <p><u>Stakeholder requirements</u> Establish an OIG citizens’ advisory group to ensure adequate input on accountability issues</p>
Communication of Results	Reports with recommendations to the County Executive, Council, advisory board members, and leader of affected department or independent agency	Investigative reports submitted to the Chief Administrative Officer (or designee), other appropriate leaders, and/or State’s Attorney, subject to State and County public information laws	Reports with recommendations to the County Executive, Council, advisory board members, and leader of affected department or independent agency

Summary of Open Complaints on July 1, 2005

Complaint Category	Total
Employee conduct	18
Contractor conduct	4
Spending practices	6
Revenue collection practices	3
Internal control practices	3
Other	11
Total	45

Linking Strategic Work Plans With Budgets

Montgomery County Code §2-151 requires the Inspector General to submit to the County Council and Executive, within four months of confirmation, a projected budget for the OIG. While the OIG plans to issue a separate report to comply with this requirement, some budget information is included in this work plan.

A key to operational success is linking the strategic work plan with the OIG budget. To address this issue, the estimated direct (audit and investigative) and support work years needed to accomplish the short and longer-term action plans in Table 1 are described below. These figures do not include any operating funds needed for consulting services.

Key Success Factors Work Years	Increase Efficiency and Effectiveness	Prevent and Detect Fraud, Waste, and Abuse	Increase Ethical, Fiscal, and Legal Accountability	Support	Total Work Years
FY 2006	.6	1.6	.8	1.0	4.0
FY2007	1.4	1.6	1.4	1.0	5.4
FY 2008	1.7	1.6	1.7	1.0	6.0
FY2009	1.7	1.6	1.7	1.0	6.0

Ideas Worth Exploring

The role of the OIG is not only to fight fraud, waste, and abuse but also to promote economy, efficiency, and effectiveness in County programs and operations. Therefore, researching initiatives is within the OIG's area of responsibility. Ideas are presented here that may reduce costs, improve efficiencies, or introduce new ways of doing business. Throughout the period covered by this work plan, the OIG plans to work with Council and Executive staff to determine the feasibility of various ideas, including the three items cited below:

OIG Fraud, Waste, and Abuse Hotline

Consideration should be given to establishing and promoting a formal fraud-referral system (including a hotline) operated by the Office of Inspector General as a mechanism for employees, contractors, and citizens to report suspected fraud, waste, and abuse in County government and County-funded agencies. Respondents to a 2004 survey by the Association of Certified Fraud Examiners (ACFE) revealed that various forms of fraud are detected 40 percent of the time by tips, which make an independent hotline the leading method for detecting fraud. Currently, there are fraud-referral processes in use in the County; however, none appear to operate in a manner consistent with all standards recommended by the ACFE or the Government Finance Officers Association.

Employees, contractors, suppliers, and citizens should be encouraged and given the means to communicate, anonymously if desired, concerns without fear of retribution.

OIG support to Occupational Safety and Health Program, Department of Finance

Consideration should be given to establishing an injury compensation working group that includes the OIG to identify and help control increasing costs associated with workers' compensation claims. Such a group could explore audit and investigative initiatives to identify and address provider and claimant fraud as potential contributing factors to rising costs. The audit and investigative expertise of OIGs in several federal, state, or local government organizations has significantly contributed to managing workers' compensation costs in recent years.

OIG investigation of allegations that include criminal conduct

County personnel regulations state that potentially illegal or improper acts in government should be reported to an appropriate official to investigate or take corrective action. However, investigative responsibility for allegations of serious misconduct that include criminality is not specified. Consideration should be given to establishing a working group that includes the OIG to clarify investigative responsibilities for all allegations that include criminality. This clarification will help ensure such allegations are independently and thoroughly investigated and, when appropriate, presented to the State's Attorney for consideration. The responsibilities of the OIG as defined in Montgomery County Code §2-151 should be considered to ensure accountability in this area.